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SUBJECT: FREEER, BUT POORER: MALAWI AFTER TEN YEARS OF DEMOCRACY

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2004 Elections a Milestone for Malawi's Democracy

**¶11.** (SBU) Summary and introduction: This month's presidential and parliamentary elections will mark ten years since Malawi's first democratic elections and the transition away from Dr. Hastings Kamuzu Banda's thirty-year dictatorship. Much has changed, for better and for worse, since the advent of "multipartyism" in 1994, and it is an appropriate time to take stock of Malawi's democratic development.

**¶12.** (SBU) One of our diplomatic colleagues summarized the past decade by saying that Malawians are "freer, but poorer" now. We must agree. The days of domestic intelligence officers monitoring social functions and the capricious jailing of political activists are long gone; they have been replaced by a remarkable openness among Malawians, both in person and in public. The small private media are vibrant and enthusiastic. The military remains impressively apolitical. Accountability and oversight institutions, while weak, have survived, and a nascent civil society scored a major victory in 2003 when President Muluzi's bid to amend the constitution and extend his time in office was defeated.

**¶13.** (SBU) At the same time, the average Malawian is materially worse off today than in 1994. Per capita GDP, at \$180, has stagnated. Seasonal food shortages haunt the countryside, and the manufacturing sector has shrunk. Corruption, both official and petty, is on the rise. Maternal mortality has become significantly worse, nearly half of children suffer chronic malnutrition resulting in stunting, and HIV/AIDS and other diseases have lowered life expectancy from 45 (in 1987) to 39 years. Although there has been some progress in addressing health concerns, behavior change is elusive, anti-retroviral drugs to treat those with AIDS have only recently become available to a tiny fraction of the HIV-infected, and the challenges of delivering more care are daunting. Too often resigned to their economic and health "fates," people show up to political rallies to receive cash handouts so they can buy some soap and perhaps a bit of sugar for their tea.

**¶14.** (SBU) Whither Malawi's democracy? The lifting of decades of repression, deteriorating living standards, and HIV/AIDS's rending of the social fabric have led to a rise in crime and a certain lawlessness in political, economic, and social life. Addressing this feeling of "freedom without responsibility" -- which pokes through at all levels of society -- will be a major challenge for the country's next ten years of democratic development, as will be the task of rebuilding the economy. End summary and introduction.

Political Life

**¶15.** (SBU) Democratic institutions and traditions in Malawi are fragile, and the transition to democracy is still very much a work in progress. The executive branch exercises considerable authority over the legislature and judiciary; Parliament has trouble focusing its attention on pertinent and timely legislation; regional and personal loyalties trump ideas in party-building; and only some judges exhibit real independence. With that said, Malawi's democratic consolidation has engaged civil society and the media, and human rights and freedoms are generally respected. More Malawians are actively participating in political and civic life, and popular support for the idea of a national democracy is strong (though not coupled to a grass-roots understanding of institutions or expectations of performance).

**¶16.** (SBU) The executive branch's disproportionate access to resources and corresponding influence, however, continues to define much of Malawi's politicking, precluding the normal checks and balances of a more mature democracy. The President, with his absolute control over the size and composition of the Cabinet (bloated now to 46 members), is at the helm of a well-greased patronage machine that doles out Mercedes, luxury four-by-fours, government residences, first-class travel, numerous allowances, and various other "personal emoluments" to the favored. Finance Ministers -- even backed by threats from the IMF -- have been unable to control the President's travel, state residences' expenses, and discretionary budgets. And the executive branch as a

whole routinely overruns its budget, only sometimes seeking ex-post approval from Parliament through supplementary budgets. In a significant change, however, 2003 saw Parliament's first open-floor challenge to the GOM's budget as presented by the Finance Minister, and, after several years of technical assistance, budget and finance oversight committees now seem more comfortable in reading and questioning budget line items.

17. (SBU) Other promising signs of incipient Parliamentary activism include a general increase in the quality of legislative committees, President Muluzi's inability to end his term limit through "Open Term" and "Third Term" bills in 2002 and 2003, and opposition successes in blocking government-introduced legislation (such as late-2003 proposals to amend an anti-corruption bill and the act governing the agricultural parastatal ADMARC) by pushing it to committee. The opposition's new-found ability to stand in the way of legislation arose from the splintering in all political parties that occurred in the run-up to this year's elections, but the unprecedented number of independent candidates currently running -- and the almost certainty that no party will control a majority in the next parliament -- could conceivably consolidate that power into a major democratic gain. Although such a consolidation is by no means assured, the judiciary's striking down of "floor-crossing" legislation, previously an effective tool for enforcing rigid party discipline, makes it more likely.

18. (SBU) Malawi is a highly litigious society, with suits, countersuits, injunctions, and counterinjunctions punctuating the daily life of politicians, businesspeople, and even sports figures. Over-reliance on the courts reflects the basic fairness Malawians perceive in the judiciary, but it also indicates their frustrations with other, largely ineffective government institutions. Several judges have shown admirable independence over the past ten years in high-profile and politically sensitive cases, and the judiciary's ability to rebuff parliamentary attempts in 2001 to remove several independent judges was a major step forward. Inefficiency, backlogs, and a lack of resources, however, commonly mar the system's ability to deliver timely justice.

19. (SBU) While judges have often shown their independence, the judicial system as a whole suffers from some political bias exerted through the office of the Director of Public Prosecutions (DPP). Politically appointed and beholden to the President, the DPP has wide discretion over which cases to prosecute (including cases brought by the independent Anti-Corruption Bureau). It is no coincidence that at least seven cases of corruption by ministers or other senior officials during the Muluzi decade have not been pursued by the DPP, while all the opposition presidential candidates (John Tembo, Gwanda Chakuamba, Brown Mpinganjira, and Justin Malewezi) have been prosecuted during the past three years. That none of the four has been found guilty simultaneously testifies both to judges' independence and to the system's vulnerability to some political manipulation.

#### Civic Participation and the Rule of Law

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10. (SBU) The media environment in Malawi has changed drastically in the last ten years. During the previous regime, the information environment was completely closed, all news was censored, and freedom of speech did not exist. Today, freedom of speech is a right that is exercised, and private media is largely free. State-run media still exist, however, and are tightly controlled by the government. State-run Malawi Broadcasting Corporation (MBC radio) is the only medium that reaches the entire population; it remains the main source of formal news for most people. MBC almost exclusively carries pro-government and pro-ruling party news. Television Malawi, also state-owned and operated, reaches the urban elite and is heavily biased towards the government.

11. (SBU) A slew of private media outlets opened at the time of transition in 1994 and just as quickly were winnowed by the marketplace. While fewer in number now -- and smaller than their state-run counterparts -- private media are playing an important, and growing, role in the information environment. Two daily independent newspapers, one opposition weekly, and several private radio broadcasters carry largely unbiased news and are often critical of the government. Journalists have become more professional and investigative, and most private media, although lacking in resources, are committed to advancing freedom of expression.

12. (SBU) A nascent civil society has taken some advantage of the media environment, but much of the NGO community remains "donor-centered" rather than attuned to the political aspirations of average Malawians. A few voices for accountability, transparency, and political activism stand out, but government initiatives to tax, corral, and arm-twist civil society are still tolerated and are therefore still effective. Many of the most active NGOs are those with

foreign funding and ties that serve as a counterweight to the government's bullying. Churches, tied to foreigners but also deeply entwined with Malawi's history (including the churches' pivotal role in the change to multi-party democracy), remain the most influential civil society force. Also noteworthy is the rapid rise of Islam and the proliferation of foreign-financed mosques, which are less visible than the churches but can sway opinion at the grass-roots level, especially in the south and along the lakeshore.

¶13. (SBU) When civil society does mobilize the population, as it did during President Muluzi's bid to end presidential term limits, it runs afoul of the police. Deeply resistant to change despite an ambitious training program run by the British, the police (like most Malawians) appear to have difficulty distinguishing between the government of the day and the ruling party. Officers remain somewhat intolerant of demonstrations and their crowd control tactics are often heavy-handed. Aggressive police reaction to protests -- particularly those by students -- has provoked vandalism, which too easily escalates to the use of live ammunition and, occasionally, deaths. Deaths of detainees in police custody have also provoked public outrage. While a far cry from the enforcers of the Banda regime, the police still must develop the understanding that their primary relationship is to the populace -- rather than the government.

¶14. (SBU) The Malawi Defense Force (MDF), in contrast, remains impressively professional and apolitical, and attempts to draw the army into the political arena continue to be swiftly and decisively rebuffed by senior military officials. As one of the first African militaries to complete all six phases of the US-sponsored African Crisis Response Initiative (ACRI) and to sign on to the Africa Contingency Operations, Training, and Assistance (ACOTA) Program, the MDF plans to open a regional peacekeeping operations training school at its military college. In the past decade, it has participated in peacekeeping missions to Rwanda, DRC, Liberia, and Kosovo, and it was first on the scene with humanitarian relief during Mozambican floods.

#### Economic Development's Role

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¶15. (SBU) Malawi is heavily donor-dependent, with bilateral and multi-lateral aid contributing around 40% to the government's budget. The donor dependency that has evolved can verge on the absurd -- at the extreme, presidential candidates have campaigned on their ability to beg from the donors -- and that mentality, with its seeping assumption that action can only be initiated by the government or the donors, stands as one of the biggest obstacles to private sector-led economic growth and democratic maturation.

¶16. (SBU) Malawi's grinding poverty, chronic food insecurity, and a stagnant economy have robbed many of the luxury of participating in political life. Not all is bleak: poverty reduction, at least on paper, is now the government's avowed priority, and significant infrastructure upgrades and structural reforms have begun to attract limited foreign investment. The resulting improvements in banking and the retail grocery sector, for example, can already be seen in urban areas. The benefits of reform will have to spread further, however, before they reach the average Malawian and create much-needed jobs.

¶17. (SBU) Beyond poverty's effects, the continued large role of parastatal organizations in Malawi's economy hinders democratic development. Lucrative memberships on parastatal boards constitute the rolling stock of the government's gravy train, tying perhaps 600 of the elite to the President's power of appointment. Worse, the parastatals are generally inefficient and drain the government's resources, raising the burden on the average taxpayer while dragging down the private sector. In a significant success of the past decade, the government's privatization program has sold off more than half of approximately 110 parastatals targeted, but the remaining 50 or so companies -- many the largest and most politically sensitive -- must be addressed to reinvigorate the economy and reign in the executive's source of patronage and all-too-easy influence over key economic sectors. If the challenge of creating an indigenous constituency for the private sector is simultaneously met, the long-term benefits to political and economic life will be magnified.

¶18. (SBU) In the short term, the next government will face significant difficulty in climbing out of the economic hole dug by the Muluzi government. Ten years ago, the kwacha traded at four to the dollar; now it trades at just under 110, and it is expected to depreciate further after the elections. Three years of a rocky relationship with the IMF have also left the government with a non-functioning Poverty Reduction and Growth Facility, chronic government overspending, interest rates above 35%, and a domestic debt that has grown nearly fivefold since 2000. The resulting macroeconomic environment is not conducive to growth, and

rising interest payments have deeply cut into other government expenditures. The debt is widely acknowledged as unsustainable, and it carries significant risk to overall macroeconomic stability. The new government will have to address these problems to resume poverty reduction and support Malawi's long-term democratic development.

¶19. (SBU) Education and agriculture will also have to be addressed. President Muluzi's United Democratic Front (UDF) instituted free universal education when it took power in 1994, a move that was highly popular and long overdue. However, a lack of resources, a dearth of trained teachers, few educational materials, poor management and administration, and the HIV/AIDS pandemic have conspired to drastically lower education standards as access has increased to the system's lower levels. At the higher levels, the two functioning universities have fees that are prohibitive for most Malawians, and entry requirements are more stringent than they were 10 years ago. Given the ravages of HIV/AIDS, the needs for skilled workers at all levels have only increased in the meantime.

¶20. (SBU) As for agriculture, Malawi today has more difficulty feeding itself than it did in 1994. Much of the decline in food security stems from low productivity, a rapidly rising population, environmental and soil degradation, and the collapse of agricultural extension programs. As most Malawians work the land, and many face a yearly "hungry season," the agriculture sector has been a key failure in the past ten years, retarding development in other areas. For some, it has even led to nostalgia for the certainties of the Banda era.

#### Health, Corruption, and other Dangers

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¶21. (SBU) Malawi clearly faces a number of significant challenges, but it is also clear that it has made progress, albeit slowly, in consolidating its democracy over the past decade. The largest threats to those gains are HIV/AIDS and corruption. The biggest open question is what will happen with soon-to-be former President Muluzi.

¶22. (SBU) The potential for HIV/AIDS to reverse gains in developing countries is well-documented. In Malawi's case, the general HIV prevalence is 14.4%, 50% of the army is reported to be infected, and thousands of vital civil servants -- such as police officers, teachers, nurses, and parliamentarians -- are dying. The country's security, political stability, and economic future are at stake. Malawi was in the first tranche of recipients from the Global Fund for Aids, Tuberculosis, and Malaria, and the \$196 million committed by the Global Fund, which has started to trickle in, will no doubt eventually bring some relief. The money is just a down payment, though, on the enormous costs associated with prevention and care. The USG's continued, aggressive engagement on HIV/AIDS will make a significant humanitarian difference while supporting our long-term goals of democratic and economic development.

¶23. (SBU) Corruption also poses a substantial and growing threat. Though not yet in the league of Nigeria or Cameroon, Malawi is faced with a rise in both official and petty graft. Its ratings from Transparency International have dropped, allegations of malfeasance played a role in Denmark's 2002 breaking-off of multi-million dollar education and health programs, and corruption is a key concern for Malawi's potential access to Millennium Challenge Account funding. For Malawi's democratic development, the phenomenon has two particularly corrosive traits: fraud is rampant in the procurement, sale, and distribution of maize; and the shenanigans start from the very top.

¶24. (SBU) The fraud surrounding the purchase and sale of maize is notable because maize is a staple of both diet and politics in Malawi. It is heavily subsidized; it is a large line item in the budget; and, notably, it is distributed at political rallies. At least five separate investigations into a series of maize scandals have been initiated in the past three years, yet the results of all have been kept from the public. It is widely understood in the diplomatic community that the tarnished include government ministers, parliamentarians, and prominent business people. The scale of the theft, much of which has come during food shortages, has been grand, running into the tens of millions of dollars.

¶25. (SBU) It would be easy for an opposition government -- or a hand-picked successor looking for a way to establish his independence -- to launch into a series of corruption investigations and trials in the post-Muluzi period. Whether maize or other corruption trials are brought forward or are suppressed, whether due process (versus political retribution) characterizes the proceedings, and how the public perceives those developments will all be important questions for determining which path Malawi's democracy is following. Perhaps most important will be whether President

Muluzi finds himself in court.

126. (SBU) President Muluzi entered office with a trading firm that was nearly bankrupt, two tobacco farms, and three houses in Blantyre. He will leave a far, far richer man -- some say the richest man in the country. Poor record-keeping, a system in which business interests can be easily hidden, and weak disclosure regulations keep the truth in the dark, but he is believed to own or have a major interest in a trading firm, sugar distributors, several farms, several houses, a real estate development corporation, a chain of grocery stores, a chain of gas stations, a major office complex now leased to the Malawi Revenue Authority, a national fertilizer supply chain, a few smaller office and shopping complexes, a professional soccer team, a mining firm, a radio station, and an international transport and trucking company. He is the head of the quasi-public Bakili Muluzi Institute, and has started an eponymous HIV/AIDS foundation (which has already received, by questionable means, \$50,000 in donor money). He has also announced plans to open a self-financed investment bank and a television station. His tentacles now touch much of Malawi's small economy.

Whither Muluzi, Whither Malawi?

127. (SBU) Although he has stated publicly that he will tend to his businesses after stepping down from the presidency, President Muluzi will be a force in Malawi's politics for years to come. He is an active sixty-one year old, and he has retained the Chairmanship of the United Democratic Front for himself (until now it has been held by the president). His older, hand-picked successor Bingu wa Mutharika (the current front-runner in the elections) owes his political standing to Muluzi, and Muluzi is legally eligible to run again for president in 2009. Clearly, the outcome of this month's elections, and the successor government's relationship with Muluzi, will be crucial for Malawi's next decade of democratic development.

128. (SBU) More than Muluzi will matter, though. All of the current presidential candidates came of age under President-for-Life Banda, and all were members of Banda's Malawi Congress Party. All survived Banda's rough brand of politics, but not all will have political lives beyond these elections. 2004 will likely be John Tembo's and Gwanda Chakuamba's last shot at the presidency, and their departure from the political scene opens the possibility of another significant evolution. The living memory, and imprint, of Banda recedes.

129. (SBU) Ten years ago, there was euphoria at the birth of multi-party democracy. Progress has been slower than hoped, and more uneven, but there has been progress nonetheless. Malawi's poverty is so crushing, though, that many of the political and democratic gains cannot be enjoyed by the average citizen. If the economy can be turned around, Malawians will be in a better position to appreciate -- and build upon -- the gains that have been made over the past decade.

BROWNING